

Message Text

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PAGE 01 KINGST 05392 140153Z
ACTION ARA-14

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-05 H-01 INR-07
L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15
USIA-06 COME-00 EB-08 LAB-04 SIL-01 OMB-01 TRSE-00
/075 W

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FM AMEMBASSY KINGSTON
TO SECSTATE WASHDC 7248

C O N F I D E N T I A L KINGSTON 5392

E.O. 11652: GDS
TAGS: EFIN, ELAB, EGEN, JM
SUBJECT: GOJ GRANTS PUBLIC SECTOR WAGE INCREASE DESPITE IMF
UNDERTAKING

1. MINISTER OF PUBLIC SERVICE, HOWARD COOKE, INFORMED
ALL TRADE UNIONS SEPT 9 THAT THE GOVERNMENT WOULD
AGREE TO A \$10 PER WEEK ACROHYS-THE -BOARD SALARY INCREASE
FOR ALL PUBLIC SECTOR EMPLOYEES EARNING OVER \$11,000
PER ANNUM. THE WAGE INCREASE WOULD TAKE EFFECT OCT 1,
1977, BUT WOULD NOT BE PAYABLE UNTIL DEC 1977 (FOR THOSE
EARNING LESS THAN \$4,500 PER ANNUM) AND APRIL 1978
(FOR THOSE EARNING OVER \$4,500 PER ANNUM). PAYMENTS
WOULD BE RETROACTIVE TO OCT 1, 1977. A MINISTRY OF PUBLIC
SERVICE OFFICER INFORMED EMBOFF THAT A TOTAL OF 26,500
EMPLOYEES WOULD BE AFFECTED AT AN ANNUAL COST OF ABOUT
\$14 MILLION IF THE \$10 PER WEEK INCREASE IS GRANTED.

2. ON SEPT 10, UNIONS REPRESENTING THE PUBLIC SECTOR
REJECTED THE GOJ OFFER. THE UNIONS COUNTED WITH A
DEMAND FOR AN INCREASE IN ALL PUBLIC SECTOR WAGES
OF \$20 PER WEEK EFFECTIVE OCT 1, 1977. THE UNIONS
ASKED THAT THE INCREASES BE PAID RETROACTIVELY IN
DEC 1977 RATHER THAN IN THE TWO STAGES PROPOSED BY
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THE GOJ.

3. EMBASSY COMMENT: ONE OF THE GOJ UNDERTAKINGS IN
ITS RECENT STANDBY AGREEMENT WITH THE IMF WAS TO
FREEZE PUBLIC SECTOR WAGES. THE \$10 PER WEEK OFFER
BY THE GOJ VIOLATES THIS UNDERTAKING. LOCAL IMF REPRESENTATIVE WILLIAMS NOTED SEPT 12 THAT GOJ SEEMS TO HAVE

ABANDONED THE UNDERTAKINGS IT HAD SET FORWARD IN ITS LETTER OF UNDERSTANDING WITH THE IMF. HE SAID, HOWEVER, THAT GOJ IS STILL MAKING EVERY EFFORT TO MEET THE OCTOBER IMF PERFORMANCE CRITERIA. THE DELAYS IN GRANTING THE PUBLIC SECTOR WAGE INCREASES (ALBEIT)RETROACTIVELY) UNTIL DECEMBER AND APRIL REFLECT THE GOJ DESIRE TO BE IN TECHNICAL CONFORMITY WITH THE IMF CRITERIA DURING THE NOVEMBER AND MARCH PERFORMANCE REVIEWS. WILLIAMS ALSO NOTED THAT GOJ HAS BEGUN TO MAKE ARRANGEMENTS FOR AN ACCELERATED PREPAYMENT OF THE BAUXITE LEVY IN OCT. 1977 IN ORDER TO HELP IT MEET THE OCTOBER PERFORMANCE CRITERIA IN AT LEAST A TECHNICAL SENSE.
IRVING

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Message Attributes

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Sent Date: 13-Sep-1977 12:00:00 am
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Disposition Approved on Date:
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